

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 92-145-C - ORDER NO. 92-610 ✓
JULY 28, 1992

IN RE: Application of Premiere Communications,) ORDER
Inc. for a Certificate of Public) GRANTING
Convenience and Necessity to Operate) CERTIFICATE
as a Reseller of Interexchange Resold)
Telecommunications Services, Including)
Operator Services, Within the State of)
South Carolina.)

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of Application of Premiere Communications, Inc. (Premier or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. Premiere's Application was filed pursuant to S.C. Code Ann. §58-9-280 (1976) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed the Company to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas one time. The purpose of the Notice of Filing was to inform interested parties of the Company's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. Petitions to

Intervene were filed by the Consumer Advocate for the State of South Carolina (the Consumer Advocate), and by Southern Bell Telephone & Telegraph Company (Southern Bell).

A hearing was commenced on July 14, 1992, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Rudolph Mitchell, Vice-Chairman, presided. Frank R. Ellerbe, III, Esquire, represented Premiere. Carl F. McIntosh, Esquire, represented the Consumer Advocate. Caroline N. Watson, Esquire, represented Southern Bell; and Gayle B. Nichols, Staff Counsel, represented the Commission Staff.

At the beginning of the hearing, Southern Bell announced that it had entered into a stipulation with Eastern Telecom. Hearing Exhibit 1. The terms of this Stipulation are as follows:

- (1) Any grant of authority should clearly be for interLATA services only.
- (2) If any intraLATA calls are inadvertently completed by the carrier, the carrier should reimburse the LEC pursuant to the Commission's Order in PSC Docket No. 86-187-C.
- (3) All operator services should be only for interLATA calls and any "0+" or "0-" intraLATA calls should be handed off to the LEC.
- (4) Nothing in 1, 2, or 3 above shall prohibit Premiere Communications, Inc. from offering any services authorized for resale by tariffs of facility based carriers approved by the Commission.

After introducing the Stipulation into evidence as Hearing Exhibit 1, Southern Bell withdrew from further participation in the proceeding.

FINDINGS OF FACT

1. Premiere is a corporation incorporated in the State of Florida and is authorized to do business in the State of South Carolina. Premiere is a non-facilities based reseller which provides interstate, interexchange long distance telephone service. It uses store and forward technology to provide automated telecommunications services to guests of hotels and other transient locations. Premiere utilizes the network of its underlying carrier, ATC Long Distance. Premiere seeks a Certificate of Public Convenience and Necessity to operate as a reseller of interexchange services on an interLATA basis within the State of South Carolina.

2. Premiere presented the testimony of Greg Smith, Secretary-Treasurer of the Company. Mr. Smith testified that Premiere intends to offer resold long-distance and operator services solely to guests of hotels and other transient locations. He explained that callers may charge their calls to their local exchange carrier calling cards or to their commercial credit cards. Mr. Smith testified that Premiere does not handle intraLATA calls or calls that require human assistance. Calls that require a live operator are routed directly to the local exchange carrier or to a presubscribed operator services provider.

3. Mr. Smith testified that Premiere would provide South Carolina consumers with a wider choice of available services, more efficient use of the telecommunications network and the expansion of the tax base. In addition, he explained the Premiere's premises-based "smart" technology will provide faster and higher

quality service to South Carolina's consumers.

4. Premiere began operations after filing its federal tariff on January 3, 1992. It is currently certificated to provide intrastate telecommunications services in Florida, Maryland, and Georgia and has pending applications in other states. Although Premiere operated at a loss for the first quarter of 1992, Mr. Smith stated he anticipated that the Company's revenues should increase dramatically with the addition of new subscribers and new areas of certification. Mr. Smith testified that Premiere's parent company provides it with substantial financial resources.

CONCLUSIONS OF LAW

1. The Commission concludes that Premiere has the experience, capability, and financial resources to provide the service described in its Application and by Mr. Smith's testimony.

2. The Commission concludes that South Carolina telephone users and the State itself will benefit by the services intended to be provided by Premiere. Accordingly, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Premiere to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Services, or any other services authorized for resale by tariffs approved by the Commission.

3. The Company shall block or switch to the local exchange company all intraLATA calls which are attempted over its network. Should Premiere complete any unauthorized intrastate intraLATA

calls, the Company will be required to compensate the local exchange companies for the unauthorized calls it carries pursuant to Commission Order No. 86-793 in Docket No. 86-187-C.

4. The Commission adopts a rate design for Premiere for its resale services which includes only maximum rate levels for each tariff charge. For intrastate interLATA "0+" collect and calling card calls, Premiere may not impose a fixed operator service charge more than the comparable intrastate charges then currently approved for AT&T Communications and, for the usage portion of the call, Premiere may not charge more than the intrastate rates charged by AT&T Communications at the time such call is completed. [A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. IN RE: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).] The Commission adopts Premiere's proposed maximum rate tariffs.

5. Premiere shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Premiere shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of Premiere's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing

provisions of S.C. Code Ann. §58-9-540 (Supp. 1991).

6. An end user should be able to access another interexchange carrier or operator service provider if they so desire.

7. That Premiere should be allowed to incorporate in its tariff a surcharge for operator-assisted and calling card calls not to exceed \$1.00 for calls originated at hotels and motels and customer-owned pay telephones only if the property owners have not added a surcharge already. That is, the Company may not impose an additional surcharge to calls originating at hotels and motels and customer-owned pay telephones if such a surcharge has already been imposed by the property owners. If such charge is applied however, it should be paid in its entirety to the customer by Premiere. Further, if the surcharge is applied, the user should be notified of imposition of the surcharge charge. This notification should be included in the information piece identifying the Company as the operator service provider of pay telephones and guest phones.

8. Premiere is required to provide "tent" cards to hotels and motels for placement next to guest telephones identifying it as the provider of operator service for intrastate interLATA distance calls. Premiere is required to brand all calls identifying itself as the carrier for the hotel or motel.

9. Premiere shall file its tariff and an accompanying price list in a loose leaf binder to reflect the Commission's findings within thirty (30) days of the date of this Order. Premiere's provisions regarding advance payments and deposits, if any, shall

comply with 26 S.C. Regs. 103-621 (Supp. 1991).


10. Premiere is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

11. Premiere shall resell the services of only those interexchange carriers or local exchange carriers authorized to do business in South Carolina by this Commission. If Premiere changes underlying carrier, it shall notify the Commission in writing.

12. Premiere shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


VICE Chairman

ATTEST:


Executive Director

(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

* THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER
DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.

* THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT
PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT
(SEE #3 ABOVE).